



United States Department of the Interior



MINERALS MANAGEMENT SERVICE
Minerals Revenue Management
P.O. Box 25165
Denver, Colorado 80225-0165
www.mrm.mms.gov

MMS/MRM/RIK
Mail Stop 330B2

AUG 15 2006

Dear Operator or Working Interest Owner:

In our "Dear Operator Letter" dated May 15, 2006, the Minerals Management Service (MMS) notified you of specific offshore Federal leases in the Gulf of Mexico (GOM) and the Pacific Outer Continental Shelf, that were selected to participate in a crude oil Royalty in Kind (RIK) program. In accordance with the terms of that letter, we are notifying you of the termination of crude oil in-kind status of certain offshore Federal leases in the GOM.

The in-kind status of the leases listed in the enclosure terminates for crude oil on September 30, 2006, and the oil royalties will be payable in-value rather than in-kind, **effective October 1, 2006**. Please notify the appropriate working interests of the changes in royalty status for these leases.

You must continue to report crude oil production to MMS on the Oil and Gas Operations Report. Effective October 1, 2006, you must report crude oil royalties in-value on the Report of Sales and Royalty Remittance (Form MMS-2014) under the MMS reporting requirements specified in MMS regulations and the MMS Mineral Revenue Reporter Handbook at <http://www.mrm.mms.gov/Reporting Services/PDFDocs/RevenueHandbook.pdf>. Please visit our website at www.mrm.mms.gov for information regarding properties participating in RIK sales.

If you have any questions please call Crystel Edler at 303-231-3126 or Richard Fantel at 303-231-3502.

Sincerely,

for James D. Steward
Manager, Crude Oil Marketing
Royalty In Kind

Enclosure

TAKE PRIDE
IN AMERICA 

Minerals Management Service
Royalty in Kind Program
Properties Reverting to Royalty In Value Effective October 1, 2006

Enclosure 1

MMS Facility Measurement Point Number	Oil Type	Custody Transfer Point (CTP)	Volume Metered at (FMP Location)	MMS Lease Number	Area	Blk	Royalty Rate	Lease or Agreement Operator	Working Interest Owner
20177102601	LLS	EI 259 ssti	EI 276 B	0540009890	EI	276	16.6667%	Chevron	Chevron
2017708260A	LLS	SM 132 A	SM 149 C	0540025920	SM	149	16.6667%	Forest Oil Corp.	Chevron
2017708260A	LLS	SM 132 A	SM 149 C	0540025920	SM	149	16.6667%	Forest Oil Corp.	Forest Oil Corp.
2017708260A	LLS	SM 132 A	SM 149 C	0540163250	SM	150	16.6667%	Forest Oil Corp.	Chevron
2017708260A	LLS	SM 132 A	SM 149 C	0540163250	SM	150	16.6667%	Forest Oil Corp.	Forest Oil Corp.
2017708260A	LLS	SM 132 A	SM 149 C	0540197760	SM	135	16.6667%	Forest Oil Corp.	Chevron
2017708260A	LLS	SM 132 A	SM 149 C	0540197760	SM	135	16.6667%	Forest Oil Corp.	Forest Oil Corp.
2017708260A	LLS	SM 132 A	SM 149 C	0540025880	SM	136	16.6667%	Forest Oil Corp.	Chevron
2017708260A	LLS	SM 132 A	SM 149 C	0540025880	SM	136	16.6667%	Forest Oil Corp.	Forest Oil Corp.
2017706260A	LLS	VR 250 ssti	VR 252 A	0540054310	VR	252	16.6667%	Seneca Resources	Maritech Resources
20177082604	LLS	SM 130 A	SM 130 A	0540179420	SM	122	16.6667%	Seneca Resources	Seneca Resources Corp.
20177082604	LLS	SM 130 A	SM 130 A	0540179420	SM	122	16.6667%	Seneca Resources	Fidelity Exploration & Production
20177224601	HLS	SP 86 C	SP 86 C	0540016180	SP	089	16.6667%	Marathon Oil Company	Marathon Oil Company
20177224601	HLS	SP 86 C	SP 86 C	0540016180	SP	089	16.6667%	Marathon Oil Company	Anadarko Petroleum Corp.
20177224601	HLS	SP 86 C	SP 86 C	0540016180	SP	089	16.6667%	Marathon Oil Company	Remington Oil and Gas
20177224601	HLS	SP 86 C	SP 86 C	0540016180	SP	089	16.6667%	Marathon Oil Company	Louisiana Land & Exploration
20177224601	HLS	SP 86 C	SP 86 C	0540016180	SP	089	16.6667%	Marathon Oil Company	Apache Corp.
20177224601	HLS	SP 86 C	SP 86 C	0540056870	SP	086	16.6667%	Marathon Oil Company	Marathon Oil Company
20177224601	HLS	SP 86 C	SP 86 C	0540056870	SP	086	16.6667%	Marathon Oil Company	Remington Oil and Gas
20177224601	HLS	SP 86 C	SP 86 C	0540056870	SP	086	16.6667%	Marathon Oil Company	W & T Offshore
20177224602	HLS	SP 87 D	SP 87 D	0540077990	SP	087	16.6667%	Marathon Oil Company	Marathon Oil Company
20177224602	HLS	SP 87 D	SP 87 D	0540077990	SP	087	16.6667%	Marathon Oil Company	Remington Oil and Gas
20177224602	HLS	SP 87 D	SP 87 D	0540077990	SP	087	16.6667%	Marathon Oil Company	Apache Corp.
20177224602	HLS	SP 87 D	SP 87 D	0540108830	WD	128	16.6667%	Marathon Oil Company	Marathon Oil Company
20177224602	HLS	SP 87 D	SP 87 D	0540108830	WD	128	16.6667%	Marathon Oil Company	Apache Corp.
20177224602	HLS	SP 87 D	SP 87 D	0540108940	SP	088	16.6667%	Marathon Oil Company	Marathon Oil Company
20177224602	HLS	SP 87 D	SP 87 D	0540108940	SP	088	16.6667%	Marathon Oil Company	Apache Corp.
20177022600	LLS	WC 498 B	WC 498 B	0540035200	WC	498	16.6667%	El Paso Production Co.	El Paso Production Co.
20177022600	LLS	WC 498 B	WC 498 B	0540035200	WC	498	16.6667%	El Paso Production Co.	Entech Enterprises
20177022600	LLS	WC 498 B	WC 498 B	0540035200	WC	498	16.6667%	El Paso Production Co.	Northstar Gulfsands
20177022600	LLS	WC 498 B	WC 498 B	0540035200	WC	498	16.6667%	El Paso Production Co.	Gulfsands Petroleum USA